

Town of Gibsland, Louisiana
General Purpose Financial Statements
For the Year Ended June 30, 2003

In accordance with the provisions of state law, this report is a public document. A copy of the report has been submitted to the governing entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2.4.04

Town of Gibsland, Louisiana
General Purpose Financial Statements
For the Year Ended June 30, 2003

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana


I have audited the accompanying financial statements of the Town of Gibsland as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Gibsland as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2002, which are included for comparative purposes, were taken from the financial report for that year in which I expressed an unqualified opinion dated December 20, 2002, on the general purpose financial statements of the Town of Gibsland.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2002, on my consideration of the Town of Gibsland's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.


Ruston, Louisiana
December 30, 2003

TOWN OF GIBSLAND
Combined Balance Sheets - All Fund Types and Account Groups
For the Year Ended June 30, 2003 and June 30, 2002

	Governmental Fund Type		Proprietary Fund Type		General Fixed Asset Account Group	Totals (Memorandum Only)	
	General Fund	Capital Projects Fund	Water Fund	Sewer Fund		2002	2001
ASSETS							
Cash and equivalents	\$38,204	\$17	\$16,964	\$90,306		\$145,491	\$170,296
Accounts receivable	6,662	22,299	15,655	19,850		64,466	362,012
Due from other funds	21,526		130,576	19,557		171,659	167,972
Other assets	165					165	165
Land, buildings, and equipment - net			570,167	2,523,272	\$275,964	3,369,403	3,457,873
Restricted assets:							
Cash - customer deposits			24,981			24,981	23,982
Cash - FmHA requirements			100,708	57,387		158,095	154,870
Total restricted assets	0	0	125,689	57,387	0	183,076	178,852
TOTAL ASSETS	<u>\$66,557</u>	<u>\$22,316</u>	<u>\$859,051</u>	<u>\$2,710,372</u>	<u>\$275,964</u>	<u>\$3,934,260</u>	<u>\$4,337,170</u>
Liabilities and Fund Equity							
Liabilities:							
Accounts payable and taxes payable	\$6,883	\$22,299	\$1,420	\$6,429		\$37,031	\$328,087
Due to other funds	42,001		32,371	97,287		171,659	167,972
Notes payable - current			16,000	18,579		34,579	27,000
Notes payable - long-term			278,000	636,867		914,867	949,025
Accrued interest			9,024	14,233		23,257	16,832
Customer deposits			24,981			24,981	23,982
Total liabilities	<u>48,884</u>	<u>22,299</u>	<u>361,796</u>	<u>773,395</u>	<u>0</u>	<u>1,206,374</u>	<u>1,512,898</u>
Fund Equity:							
Investment in general fixed assets					\$275,964	275,964	275,964
Contributed capital - grants			595,765	2,042,915		2,638,680	2,638,679
Retained earnings:							
Reserved for debt retirements			294,000	655,446		949,446	195,761
Unreserved			(392,510)	(761,384)		(1,153,894)	(938,990)
Fund balance - unreserved - undesignated	<u>17,673</u>	<u>\$17</u>				<u>17,690</u>	<u>25,066</u>
Total fund equity	<u>17,673</u>	<u>17</u>	<u>497,255</u>	<u>1,936,977</u>	<u>275,964</u>	<u>2,727,886</u>	<u>2,196,480</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$66,557</u>	<u>\$22,316</u>	<u>\$859,051</u>	<u>\$2,710,372</u>	<u>\$275,964</u>	<u>\$3,934,260</u>	<u>\$3,709,378</u>

The accompanying notes are an integral part of this statement.

TOWN OF GIBSLAND
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Governmental Fund Type
 For the year ended June 30, 2003 and June 30, 2002

			Totals (Memorandum Only)	
	General Fund	Capital Projects Funds	2003	2002
REVENUES				
State grant		\$119,701	\$119,701	\$21,001
Federal grant		22,550	22,550	376,202
Occupational license	19,923		19,923	15,633
Sales tax	48,650		48,650	56,906
Franchise fees	18,589		18,589	15,650
Beer tax	289		289	314
Property tax	21,169		21,169	20,547
Fines and forfeitures	7,027		7,027	7,659
State revenue sharing	539		539	596
Gain on sale of asset			0	6,250
Interest income	414		414	367
Other income	3,951		3,951	8,160
TOTAL REVENUES	120,551	142,251	262,802	529,285
EXPENDITURES				
General government	117,832		117,832	116,927
Public safety - police	3,763		3,763	5,272
Operations and maintenance - street	25,335		25,335	20,968
Capital outlay	0	142,317	142,317	409,818
TOTAL EXPENDITURES	146,930	142,317	289,247	552,985
EXCESS OF REVENUES OVER EXPENDITURES	(26,379)	(66)	(26,445)	(23,700)
OTHER FINANCING SOURCE (USE)				
Operating transfers in	19,069		19,069	8,994
Operating transfers out			0	(12,480)
TOTAL OTHER FINANCING SOURCE (USE)	19,069	0	19,069	(3,486)
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING (USE)	(7,310)	(66)	(7,376)	(27,186)
FUND BALANCE, BEGINNING	24,983	83	25,066	52,253
FUND BALANCE, ENDING	\$17,673	\$17	\$17,690	\$25,067

The accompanying notes are an integral part of this statement.

TOWN OF GIBSLAND
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 Cash Basis - General Fund
 For the year ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Occupational license	\$13,000	\$19,943	\$6,943
Sales tax	49,000	49,585	585
Franchise fees	18,000	18,364	364
Beer tax	300	296	(4)
Property tax	20,000	21,169	1,169
Fines and forfeitures	5,000	7,402	2,402
Other income	12,700	5,004	(7,696)
TOTAL REVENUES	118,000	121,763	3,763
EXPENDITURES			
General government	155,200	116,872	38,328
Public safety - police	5,300	3,005	2,295
Operations and maintenance - street	19,500	25,295	(5,795)
Capital outlay	0	0	0
TOTAL EXPENDITURES	180,000	145,172	34,828
EXCESS OF REVENUES OVER EXPENDITURES	(62,000)	(23,409)	38,591
OTHER FINANCING SOURCE AND (USE)			
Operating transfers in	62,000	19,069	42,931
Operating transfers out	0	0	0
TOTAL OTHER FINANCING SOURCE AND (USE)	62,000	19,069	42,931
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USE	0	(4,340)	(4,340)
FUND BALANCE, BEGINNING	53,783	53,783	0
FUND BALANCE, ENDING	\$53,783	\$49,443	(\$4,340)

The accompanying notes are an integral part of this statement.

TOWN OF GIBSLAND
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Proprietary Fund Type
 For the year ended June 30, 2003 and June 30, 2002

	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			2003	2002
OPERATING REVENUES				
Fees	\$120,675	\$112,200	\$232,875	\$243,068
Ad valorem tax		19,069	19,069	18,138
Other income	4,080	907	4,987	3,042
TOTAL OPERATING REVENUES	124,755	132,176	256,931	264,248
OPERATING EXPENSES				
Salaries and related benefits	38,931	38,931	77,862	71,053
Payroll taxes	3,006	3,006	6,012	0
Maintenance and repairs-plant	8,804	7,398	16,202	6,471
Insurance	581	0	581	580
Chemicals	1,446	6,367	7,813	8,593
Depreciation	29,449	59,021	88,470	87,974
Legal, accounting, & audit fees	1,000	10,000	11,000	1,000
Utilities	16,981	13,495	30,476	23,120
Telephone	1,599	1,162	2,761	1,351
Vehicle expense	2,010	2,266	4,276	6,791
Miscellaneous	721	7,872	8,593	9,015
Supplies	10,200	12,189	22,389	20,720
Equipment	502	2,021	2,523	36
Office expense	938	7,053	7,991	1,290
NSF checks and bank charges	130	141	271	924
TOTAL OPERATING EXPENSES	116,298	170,922	287,220	238,918
Operating income (loss)	8,457	(38,746)	(30,289)	25,330
Nonoperating revenue (expenses)				
Interest income	4,122	2,918	7,040	3,600
Operating transfers in	2,500	21,964	24,464	38,621
Operating transfers out	(21,964)	(21,569)	(43,533)	(35,134)
Interest expense	(14,971)	(31,719)	(46,690)	(48,379)
TOTAL NONOPERATING REVENUE (EXPENSES)	(30,313)	(28,406)	(58,719)	(41,292)
NET INCOME (LOSS)	(21,856)	(67,152)	(89,008)	(15,962)
RETAINED EARNINGS, BEGINNING	(370,654)	(706,810)	(1,077,464)	(1,075,500)
RETAINED EARNINGS, ENDING	<u>(\$392,510)</u>	<u>(\$773,962)</u>	<u>(\$1,166,472)</u>	<u>(\$1,091,462)</u>

The accompanying notes are an integral part of this statement.

TOWN OF GIBSLAND
 Statements of Cash Flows - Proprietary Fund Type
 For the Year Ended June 30, 2003 and June 30, 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	(\$30,289)	\$25,330
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	88,470	87,974
Decrease in accounts receivable	2,908	(2,752)
Increase (decrease) in accounts payable	977	1,235
Increase in due to other funds	3,687	0
Increase in customer deposits	<u>999</u>	<u>2,329</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,752	<u>114,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to Property, Plant, & Equipment	<u>0</u>	<u>(392,728)</u>
NET CASH (USED BY) FINANCING ACTIVITIES	0	<u>(392,728)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in accrued interest	6,424	(9,521)
Operating transfers (net)	(19,069)	3,487
Grant income		376,202
Principal reductions	(26,579)	(35,151)
Interest payments	(46,690)	(48,379)
Interest income	<u>7,040</u>	<u>3,600</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(78,874)</u>	<u>290,238</u>
NET INCREASE IN CASH	(12,122)	11,626
CASH AT BEGINNING OF YEAR	<u>302,468</u>	<u>290,842</u>
CASH AT END OF YEAR	<u><u>\$290,346</u></u>	<u><u>\$302,468</u></u>
SUMMARY		
Operating account	\$107,270	\$123,616
Restricted	<u>183,076</u>	<u>178,852</u>
	<u><u>\$290,346</u></u>	<u><u>\$302,468</u></u>
Expenditures for interest - cash basis	<u>\$</u>	<u>\$57,901</u>
Expenditures for taxes - cash basis	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland
Notes to the Financial Statements
For the Year Ended June 30, 2003

INTRODUCTION

The Town of Gibsland, Louisiana is located in the western portion of Bienville Parish in north-central Louisiana. The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and a Board of alderpersons, which has six elected members. The Town, with 9 employees, provides garbage collection, street maintenance, drainage maintenance, and other health and welfare services, in addition to the administrative services provided to its residents. The Town consists of approximately 1,221 citizens.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Gibsland have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Gibsland is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Gibsland for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent of the municipality.

See accompanying auditor's report.

Town of Gibsland
Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Gibsland (the primary government). The Town of Gibsland has no component units.

Considered in the determination of component units of the reporting entity were the Bienville Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board, Gibsland Housing Authority, and the District Attorney and Judges for Bienville Parish. It was determined that these governmental entities are not component units of the Town of Gibsland reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Gibsland.

C. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental funds Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

1. General Fund: The general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Capital projects funds: account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary funds Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Town of Gibsland
Notes to the Financial Statements (Continued)

Proprietary funds include:

1. Enterprise Funds: account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by the proprietary funds are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Buildings	10	years
Sewer system and lines and water system	40	years
Equipment	5-7	years
Improvements	25	years
Vehicles	3	years

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the

Town of Gibsland
Notes to the Financial Statements (Continued)

hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Property taxes become measurable when a property tax assessment is made. The taxes are used to finance the budget of a particular period. Therefore, the revenue produced taxes is recognized in the fiscal period for which it was levied, provided it is available. "Available" means (1) then due, or (2) past due and receivable within current period, or (3) expected to be collected within 60 days and used to pay liabilities of the current period.

Sales tax are collected by the sales tax collection agency and remitted to the Town. Therefore, amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town of Gibsland, are recognized as revenue.

Licenses and permits are recognized as revenue in the period received, but not before the benefit period. However, for the year ended June 30, 2002, amounts were also recognized as revenue if they were available within 60 days (based on actual collections). Since licenses and permits were not "billed" on a timely basis, this accrual recognizes revenue to finance the budget for that period.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exception to this general rule: accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

E. BUDGETS

The primary government municipality uses the following budget practices:

The Town adopted a budget for the year ended June 30, 2003 for the General fund. The town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and

Town of Gibsland
Notes to the Financial Statements (Continued)

expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There was one amendment to the original budget.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana state law.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as receivables/payables.

H. COMPENSATED ABSENCES

The Town's full time employees get sick and vacation time at the beginning of each calender year and their vacation time must be used during the course of the calender year. The employees can roll over any unused sick time to the next year. The Town's sick and vacation time at year end was not material to the financial statements and was not recorded.

I. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the proprietary fund for having received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation.

J. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Town of Gibsland
Notes to the Financial Statements (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers. Transfers between the primary government and discretely presented component units are disclosed separately from interfund transfers as transfers to/from component units.

K. SALES TAXES

Sales taxes are collected by Bienville Parish Sales and Use Tax Commission and then remitted to the Town in partial payments through out each month. The Town's sales tax percentage is 2 per cent.

L. TOTAL COLUMNS ON COMBINED STATEMENTS

The total columns on the combined statements are captioned Memorandum Only to indicated that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At June 30, 2003, the Town has cash and cash equivalents (book balances) totaling \$328,567 as follows:

Demand deposits	\$313,300
Time deposits	<u>15,267</u>
Total	<u>\$328,567</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003, the Town has \$332,448 in deposit (collected bank balances). These deposits are secured from risk by \$134,090 of federal deposit insurance and \$208,092 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

Town of Gibsland
Notes to the Financial Statements (Continued)

3. LEVIED TAXES

The town considers ad valorem taxes receivable at December 31 and recognizes income in the year of assessment. For the year ended June 30, 2003, total taxes originally levied were \$40,273, of which approximately \$13,327 and \$12,004 was assessed on residential property, \$4,257 and \$3,834 was assessed on public service property, and \$3,604 and \$3,247 was assessed on commercial property and dedicated for general purposes and the Sewer proprietary fund to pay off debt, respectively. Assessed values are established by the Bienville Parish Tax Assessor each year.

Property Tax Calendar

Lien Date	No set date
Levy Date	October 31, 2002
Due date	December 31, 2002
Collection dates	November 1 through June 30

The following is a summary of authorized and levied ad valorem taxes for the year:

<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
12.90	12.90	June 30, 2003
5.69	5.81	June 30, 2003
5.69	5.81	June 30, 2003

The following are the principal taxpayers for the municipality (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Gibsland Bank and Trust	220,930	13.45%
BellSouth Telecommunications	175,520	10.69%
Kansas City Southern Railroad, Co.	59,570	3.63%
Gibsland Villas	54,200	3.30%
Entergy La.	40,700	2.48%
Reliant Energy	32,660	1.99%
La Unwired	26,860	1.64%
La. and NW Railroad, Co.	19,980	1.22%
Jeffrey Sampson	12,700	0.77%
SBA Towers, Inc.	12,690	0.77%
Total	<u>\$655,810</u>	<u>39.93%</u>

See accompanying auditor's report.

Town of Gibsland
Notes to the Financial Statements (Continued)

4. RECEIVABLES

The following is a summary of receivables for June 30, 2003:

<u>Class of Receivable:</u>	<u>General Fund</u>	<u>Proprietary Fund Type</u>
Taxes:		
Sales	\$2,830	
Beer	124	
Franchise	3,228	
User fees		35,504
Other	480	
Total	<u>\$6,662</u>	<u>\$35,504</u>

5. FIXED ASSETS

A summary of the changes in fixed assets for the year ended June 30, 2003, is shown below:

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Land	\$23,643			\$23,643
Building and Improvements	45,515			45,515
Vehicles	32,377			32,377
Furniture and Equipment	146,441			146,441
Construction in progress	27,989			27,989
Total	<u>\$275,965</u>	<u>\$0</u>	<u>\$0</u>	<u>\$275,965</u>

A summary of proprietary property, plant, and equipment follows:

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Land	\$49,175			\$49,175
Buildings	7,935			7,935
Sewer system	1,016,360			1,016,360
Water system	911,811			911,811
Equipment	22,430			22,430
Improvements	158,984			158,984
Vehicle	2,500			2,500
Sewer lines	1,691,385			1,691,385

See accompanying auditor's report.

Town of Gibsland
Notes to the Financial Statements (Continued)

	Balance 6/30/02	Additions	Deletions	Balance 6/30/03
Construction in progress	353,588			353,588
Subtotal	4,214,168	0	0	4,214,168
Less accumulated depreciation	(1,032,259)	(88,470)		(1,120,729)
Total	<u>\$3,181,909</u>	<u>(\$88,470)</u>	<u>\$0</u>	<u>\$3,093,439</u>

	Water	Sewer	Total
Land	\$49,175		\$49,175
Buildings	7,935		7,935
Sewer system		\$1,016,360	1,016,360
Water system	911,811		911,811
Equipment	7,930	14,500	22,430
Improvements	158,984		158,984
Vehicle	1,250	1,250	2,500
Sewer lines		1,691,385	1,691,385
Construction in progress		353,588	353,588
Subtotal	1,137,085	3,077,083	4,214,168
Less accumulated depreciation	(566,918)	(553,811)	(1,120,729)
Total	<u>\$570,167</u>	<u>\$2,523,272</u>	<u>\$3,093,439</u>

6. LONG TERM DEBT - PROPRIETARY FUND

The following is a summary of long-term debt transactions for the Town for the year ended June 30, 2003:

	Water	Sewer	Total
Balance, June 30, 2002	\$308,000	\$668,025	\$976,025
Additions	0	0	0
Principal payments	(14,000)	(12,579)	(26,579)
Balance, June 30, 2003	<u>\$294,000</u>	<u>\$655,446</u>	<u>\$949,446</u>

Notes payable at June 30, 2003, consists of seven notes payable to the U.S. Department of Agriculture - Farmers Home Administration. The basic data on the notes is summarized below:

	Water	Sewer	Total
Loan 91-01 11/20/80 5.00%	\$276,000		\$276,000
Loan 91-05 11/20/80 5.00%	18,000		18,000
Loan 92-01 07/15/83 5.00%		\$75,000	75,000
Loan 92-02 07/15/83 5.00%		150,000	150,000
Loan 92-03 11/20/80 5.00%		74,947	74,947

See accompanying auditor's report.

Town of Gibsland
Notes to the Financial Statements (Continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Loan 92-06 08/08/85 6.75%		57,165	57,165
Loan 92-08 03/08/99 4.50%		298,334	298,334
Total	<u>\$294,000</u>	<u>\$655,446</u>	<u>\$949,446</u>

The annual requirements to amortize all bonds outstanding at June 30, 2003, including interest of \$678,427 are as follows:

For the year ended June 30,	
2004	\$81,950
2005	80,822
2006	81,100
2007	73,260
2008	74,963
2009 - 2013	294,861
2014 - 2018	323,729
2019 - 2023	302,029
2024 - 2028	120,685
2029 - 2033	84,444
2034 - 2038	84,444
2039	25,587
Total	<u>\$1,627,874</u>

7. Interfund Receivables and Payables

At June 30, 2003, interfund receivables and payables were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$21,526	\$42,001
Water Fund	130,576	32,371
Sewer Fund	19,557	97,287
Total	<u>\$171,659</u>	<u>\$171,659</u>

A summary of operating transfers follows:

See accompanying auditor's report.

Town of Gibsland
Notes to the Financial Statements (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$19,069	
Water Fund	2,500	21,963
Sewer Fund	21,963	21,569
Total	<u>\$43,532</u>	<u>\$43,532</u>

8. PENSION AND RETIREMENT PLAN

The Town does not provide pension or retirement plan benefits to any employee.

9. ENTERPRISE FUNDS DEFICIT

The deficit in the Proprietary Fund retained earnings - unreserved is created mainly by depreciation. The deficits are expected to be removed with subsequent years' revenues.

10. CONSTRUCTION IN PROGRESS

The Town has a construction project for fire improvements in progress. This project will be funded by an LCDBG grant for \$473,139 and a USDA grant for \$125,000. The utilization of these revenue sources is summarized below:

<u>Grant/Loan Title</u>	<u>Expended</u>		<u>Unexpended</u>	<u>Total amount awarded</u>
	<u>Balance at 6/30/02</u>	<u>Year ended 6/30/03</u>		
LCDBG grant	\$257,317	\$94,701	\$121,121	\$473,139
USDA grant - fire	96,133	22,616	6,251	125,000
Total	<u>\$353,450</u>	<u>\$117,317</u>	<u>\$127,372</u>	<u>\$598,139</u>

The Town has a construction project for water filter improvements in progress. This project will be funded by Governor Office of Rural Development grant for \$25,000. The utilization of these revenue sources is summarized below:

<u>Grant/Loan Title</u>	<u>Expended</u>		<u>Unexpended</u>	<u>Total amount awarded</u>
	<u>Balance at 6/30/02</u>	<u>Year ended 6/30/03</u>		
Governor Office of Rural Development	\$0	\$25,000	\$0	\$25,000
Total	<u>\$0</u>	<u>\$25,000</u>	<u>\$0</u>	<u>\$25,000</u>

SUPPLEMENTARY INFORMATION SCHEDULES

TOWN OF GIBSLAND, LOUISIANA
Supplemental Information Schedules
For the Year Ended June 30, 2003

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

TOWN OF GIBSLAND
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2003

Odis Key, Mayor	\$1,625
Dawson Anglin	650
Travis Crawford	550
Patrick White	300
Joe Roy Youngblood	650
Olen Jackson	500
Total	<u>\$4,275</u>

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana

I have audited the general purpose financial statements of the Town of Gibsland as of and for the year ended June 30, 2003, and have issued my report thereon dated December 30, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Gibsland's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 02-1 and 02-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Gibsland's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

My audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

This report is intended for the information and use of management, the Legislative Auditor, and any interested federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Ruston, Louisiana

December 30, 2003

Town of Gibbsland
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

I have audited the financial statements of Town of Gibbsland as of and for the year ended June 30, 2002, and have issued my report thereon dated December 30, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 30, 2003 resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance	Unqualified <input checked="" type="checkbox"/>	Qualified <input type="checkbox"/>
For Major Programs	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
☒ Yes ☐ No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? ☐ Yes ☒ No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

Town of Gibsland
Summary of Prior Year Findings
For the Year Ended June 30, 2003

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- 02-1. Finding: The town donated surplus items to another governmental entity, neither of which was related to law enforcement. No advertising and bids were taken. This action is in violation of the bid law.

Recommendation: I recommend the town not loan, pledge, or donate any things of value to any person, association, or corporation, public or private.

Conclusion: Resolved

- 02-2. Finding: For the year ended June 30, 2002 actual expenditures exceeded budgeted expenditures by more than 5% for the General fund. According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: I recommend that the Town analyze interim budget and actual comparisons and amend the budget as needed.

Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

- 02-3. Finding: The State of Louisiana found several findings during their monitoring visit on October 22, 2002.

Recommendation: The state's representatives made specific recommendations in several compliance areas.

Conclusion: Resolved

C. MANAGEMENT LETTER

None

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2003

Town of Gibsland hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

Town of Gibsland has no findings for the year ended June 30, 2003.